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Financial Literacy and Retirement Planning in Saudi Arabia

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Abstract

This study investigates the correlation between financial literacy and retirement planning behavior within the Saudi Arabian workforce. To explore this relationship, a survey involving 500 employees was conducted to evaluate their levels of financial literacy and their engagement in retirement planning activities. The study's findings indicate a positive connection between financial literacy and retirement planning, implying that individuals with greater financial literacy tend to be more actively involved in retirement planning endeavors. In particular, the research reveals that individuals with higher financial literacy scores exhibit a greater propensity to possess retirement savings, proactively plan for retirement, and seek professional financial guidance. For instance, those with elevated financial literacy scores were found to be 2.5 times more likely to have retirement savings in comparison to their counterparts with lower financial literacy scores. Similarly, individuals with higher financial literacy scores were three times more inclined to consult professional financial advisors than those with limited financial literacy. Furthermore, the study undertook an examination of demographic variables and their impact on retirement planning behavior. The outcomes underscore the significance of age, income, and educational attainment as influential factors in retirement planning. For instance, the research revealed that older employees displayed a higher likelihood of having retirement savings and actively engaging in retirement planning as compared to their younger counterparts. Additionally, individuals with greater income levels and higher educational qualifications exhibited a greater inclination towards participating in retirement planning activities compared to those with lower income levels and educational attainment. The implications of this study emphasize the pivotal role of enhancing financial literacy among Saudi Arabian workers to foster retirement planning and align with the objectives outlined in Saudi Vision 2030. Accordingly, the study recommends that policymakers and employers take proactive measures to promote financial education initiatives and provide resources tailored for retirement planning. Such resources may include retirement savings plans and facilitating access to professional financial advisors. By implementing these measures, Saudi Arabia can empower its workforce to attain financial security, thereby contributing to the nation's economic prosperity and development goals..

Keywords: *Financial literacy; Retirement planning; Financial education; Financial knowledge*

Introduction

In recent years, one of the essential financial subjects has been the concept of financial literacy. Because of rapid advancements in financial services and various financial crises around the world, there has been a continuous increase in the level of financial awareness among various age groups globally (Boora & Agarwal, 2018; Hastings & Mitchell, 2020; Huston, 2010; Lusardi et al., 2009).

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Financial literacy as a concept has two critical components: financial literacy itself and its application. These aspects are multifaceted, and bringing them together in real life is tough (Gale & Levine, 2010). This means that, in addition to comprehending financial planning ideas, people must be capable of using these concepts in day-to-day transactions (Boora & Agarwal, 2018). Furthermore, financial literacy encompasses various variables, including money, saving, financial investing, financial planning, and budgeting. As a result, to endure daily financial challenges, people must have enough information, competency, and attitude toward financial issues (Boora & Agarwal, 2018; Mian, 2014).

People's financial and investment plans have become a significant concern, particularly in Saudi Arabia (KSA) (Mian, 2014). This is because the country's economic status relies heavily on oil prices, as oil exports account for over 95% of total revenue (Alshahrani & Alsadiq, 2014; Elachola & Memish, 2016; Nol, 2016). However, following the significant drop in oil prices in mid-2015, the kingdom's fiscal position deteriorated significantly, forcing the government to reduce its expenditure through a series of remarkable financial decisions, such as reducing the government workforce and cutting government employee salaries (Elachola & Memish, 2016). Furthermore, in 2018, the Saudi government implemented a new taxation system (Raimi et al., 2018), and the prices of essential needed utilities such as electricity, water, and petroleum rose (Groissböck & Pickl, 2018). These variables put Saudi Arabia under much pressure to manage its financial expenses according toits new income levels. As a result, they have had to rethink their budgets and adjust to a lesser income through good financial literacy (Almalki & Ganong, 2018).

In truth, the Saudi government has made enormous efforts to strengthen the country's education system, including increasing financial literacy among Saudis (Al Rajhi et al., 2012; Mahmood & Alkahtani 2018). Despite these efforts, the general literacy rate in Saudi Arabia is lower than predicted when compared to other wealthy countries (Bosbait & Wilson, 2005). According to Mahmood and Alkahtani (2018), formal education is a beneficial instrument for improving individuals' cognitive capacities, increasing productivity, and improving their capacity to make better financial decisions, accelerating the kingdom's economic progress. They confirmed that prudent financial decisions would be critical in boosting Saudi Arabia's economic growth. As a result, if the Saudi government wishes to boost economic diversity, it must prioritize financial, occupational education. Furthermore, financial products and services have recently become more widely available to a broader segment of the population, increasing the complexity of their financial decisions (Klapper et al., 2015).

Financial literacy is widely acknowledged as a vital qualification for people seeking to make educated personal finance decisions in an increasingly complicated financial system (Douissa, 2020, p. 1). On the worldwide stage, there is a growing interest in financial literacy in the Middle East (Lyons & Kass Hanna, 2019), with Saudi Arabia being no exception. The Saudi government is pledged to a booming economy that is less reliant on oil and more on knowledge in its most current

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national development plan, Vision 2030. (Kingdom of Saudi Arabia [KSA], 2016). Saudi officials, like other countries (Douissa, 2020), have committed to building an education [system] that contributes to economic growth [through] a contemporary curriculum centred on high standards in reading and numeracy (KSA, 2016, p. 40). The study's underlying premise is that, given the aim of Vision 2030, the Saudi education system must be primarily concerned with financial literacy. In recent years, the relationship between a country's literacy level and its degree of economic growth has grown increasingly essential (Emaikwu, 2011, p. 144).Financial literacy is commonly seen as a necessary quality for anyone who wants to make informed decisions about their finances in an increasingly complex financial environment (Douissa, 2020, p. 1). There is a growing interest in financial literacy in the Middle East, and Saudi Arabia is no exception (Lyons & Kass Hanna, 2019). Vision 2030, the Saudi government's most recent national development plan, promises a prosperous economy that relies less on oil and more on education. For the Kingdom of Saudi Arabia in 2016, see: Other nations (Douissa, 2020) and Saudi Arabian officials (Douissa, 2020) have committed to developing an educational system focused on raising literacy and numeracy skills while also promoting economic growth (KSA, 2016, p. 40). To achieve Vision 2030, the Saudi educational system must prioritize financial literacy to the study's basic assumption. In recent years, a country's literacy level and economic growth have been more intertwined (Emaikwu, 2011, p. 144).

A financially knowledgeablepopulation will be better able to contribute to a stable and flourishing economy (Douissa, 2020; Western et al., 2012). In a similar vein, the Saudi government has set a target of 34% financial literacy by 2020 (KSA, 2020), even though this ratio is still far behind that of other affluent countries (King Khalid Foundation, 2018). Unfortunately, financial literacy in Saudi Arabia is still understudied, but interest is growing (A Alghamdi & El Hassan, 2020). The study indicated that 90% of Saudi youth desired to enhance their financial literacy and become more financially educated a decade ago (Fareed, 2012). Despite this early interest, a World Bank 2017 study found that just over a third (31%) of Saudi adult citizens were financially educated, the lowest proportion in the Gulf region (KKF, 2018; KSA, 2020). In 2018, the Gulf area (KKF, 2018; KSA, 2020). Saudi citizens borrowed at an alarmingly high rate in 2018, with one out of every five defaulting on their loans. Almost half of those polled (43%) reported a drop in income (before the COVID). Before the COVID, over half of the respondents (43%) had seen a fall in income. One-quarter of the people were unable to pay their electrical bills due to 19 pandemics. Almost half (45%) had no savings, and 80% could not afford their power bills. Almost half of those surveyed (45%) had no savings, while the other half (80%) had no investment goals (KKF, 2018). (KKF, 2018; "Why financial education, Why financial education," 2019).

From a scientific standpoint, Saudi Arabia's gender is a complicating element. In Saudi Arabia's gender-segregated culture, most academic subjects are centred on either males or girls. According to Mian (2014, in two exceptions), Saudi males and older individuals were more financially knowledgeable than Saudi females and younger people, with no significant influence from education or work positions.

SAMA is dedicated to fostering financial literacy and education, especially among the youth (KKF, 2018, p. 26). A year ago, the SAMA started an executive program that aims to raise awareness of Saudi citizens' potential to contribute to the financial industry's growth by stimulating their interests in savings, financing, investing, and financial planning. A Financial Literacy Entity (FLE) is included in this program (KKF, 2018; KSA, 2020). maintain the quality and consistency of financial education products and messaging and reach and expand (KSA, 2020, p. 38) (KSA, 2020, p. 60).

Financial literacy is described by the Organization for Economic Cooperation and Development (OECD) as "a mix of awareness, knowledge, ability, attitude, and conduct required to make smart financial decisions and ultimately attain individual well-being." Financial literacy assists individuals in increasing their awareness of financial concerns, allowing them to analyze financial information and make educated personal finance decisions. Individual well-being is closely connected to financial literacy. The previous study indicates that people with poor levels of financial literacy have difficulties with personal money concerns such as savings, borrowings, investments, retirement planning, and so on.

Our country's economic environment has shifted dramatically in recent years. With the launch of several new financial products in recent years, the financial landscape has become increasingly complicated. A primary degree of financial literacy is required to appreciate the risk and return associated with these products. Individuals who are financially educated can make efficient use of financial products and services; they will not be duped by people offering financial items that are inappropriate for them. Financial literacy helps to improve the quality of financial services and contributes to a country's economic growth and development.

One key factor in developing financial literacy is the fact that finances matter. When financially savvy individuals have built up savings, acquired insurance, and spread their assets, they can better withstand bad financial times. Financial literacy is also connected to healthy financial behaviour, including paying bills on time and loan payments on time, using credit cards wisely, and saving before spending.

Individuals' financial understanding needs to be significantly improved. This is feasible with suitable financial education programs aimed at the right individuals at the right time. For financial education to be effective, we must first determine the degree of financial literacy, attitudes, and behaviour. The current study will aim to measure financial literacy and its causes, which will assist policymakers and regulators in developing suitable methods to enhance financial literacy among the public. (Bhushan, P. & Medury, Y., 2013).

Individuals who receive money-related training can be more self-reliant to achieve budgetary stability. In addition, people knowledgeable about the issue should respond to a few questions about purchasing, such as if something is necessary, moderate, or whether it is a benefit or an

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obligation. (Fernandes and colleagues, 2014).

This field displays a person's money-related behaviour and dispositions as they relate to his day-to-day existence. Money-management ability reflects how a person makes financial decisions. This ability enables a guy to create a money-related manual for comprehending what he gets, spends, and owes. This issue also affects independent business owners, who significantly contribute to the nation's financial growth and solidarity. Money-related lack of education affects people of all ages and from all socioeconomic backgrounds. Budgetary illiteracy drives many people to become victims of predatory lending, subprime mortgages, and deceptive and excessive financing charges, resulting in poor credit, insolvency, or desertion. (Shi et al., 2010).

LITERATURE REVIEW

Financial literacy, planning, and decision-making have become critical components of personal financial well-being and societal prosperity (Lusardi & Mitchell, 2014). It has been proposed that financial literacy is a necessary tool for developing a solid financial strategy in one's personal life (Arora, 2016). In general, financial literacy can be characterized as knowledge of financial terminology and fundamental financial concepts (Lusardi, 2008). It enables you to read, interpret, and comprehend financial possibilities, create a retirement plan, and respond reasonably to situations that influence your daily financial decisions (Lusardi & Mitchell, 2017). New financial products, the complexities of financial markets, significant changes in the political system, demography, and the dynamics of economic change are becoming increasingly important in financial literacy (Mian, 2014).

Furthermore, developments in information technology, information system management, and the impact of globalization have fueled the continual development of new financial products and services. Individuals can also quickly obtain such innovative financial products and services, mainly through online platforms. However, such ease of access may lead to impulsive and imprudent financial decisions, such as increased expenditure and borrowing, and may impose a significant strain on retirement planning, causing actual difficulties in dealing with everyday expenditures (Demirguc-Kunt et al., 2007; Lusardi & Mitchell, 2017). People in the MENA area have made wrong, uninformed financial decisions due to a lack of financial literacy (Derhally, 2012). Such financial decisions might lead to expensive debts and excessive credit usage (Assad, 2008).

This section includes an exhaustive literature analysis that analyzes prior research on financial literacy and retirement planning to acquire a detailed understanding of previous research work on financial literacy. In addition, a full review of some theoretical frameworks relating to financial literacy and retirement planning is offered. The section also explores some definitions of key terminology and defines the appropriate terms of reference. This is followed by a discussion on retirement planning, Islamic values, and financial decision-making in Saudi Arabia and the country's

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degree of financial literacy and retirement planning development. Finally, the section identifies gaps in the literature connected to this study.

For example, Huston (2010) points out that most past studies have not defined financial literacy with precision. There is also no uniform consensus on what financial literacy is supposed to look like. Numerous definitions have been adopted by academics depending on their research expectations (Remund, 2010). The following are some of the definitions used by well-known financial literacy studies.

'Lusardi and Mitchell described financial literacy' as 'the most basic economic principles needed to make reasonable saving and investment decisions' (Lusardi & Mitchell 2007, p. 36). Financial literacy was defined by Lusardi (2008) on page 2 by adding an understanding of basic financial concepts, such as compounding interest, absolute values, and risk diversification. In addition, they defined financial literacy as the ability to understand financial issues, make decisions about them and administer finances (Servon & Kaestner, 2008).

However, various studies show that conceptions of financial literacy vary significantly among individuals, which is easily seen in the variety of definitions found in the literature (Worthington, 2016). For example, for some, the term "The Economics of Creativity" is an expansive notion covering the study of economics, the influence of the economy on households, and their various financial decisions. Many, however, view it as a general money management strategy, which focuses on budgeting, saving, investing, and insurance problems. Education in finance and its curriculum are seen as equally valuable for persons (Priyadharshini, 2017).

The working definition of financial literacy used in this study is as follows: knowledge, capacity or skills to use that knowledge, appropriate financial decision-making behaviour, and financial experience (Remund, 2010). Additionally, Remund (2010) identified five critical elements covered by financial literacy definitions: knowledge, communication ability, attitude toward personal money management, financial decision-making skills, and confidence in anticipating future financial needs. Although the preceding definition is Westernized, it applies to the world's Islamic regions. This is because financial literacy in Islam, like in the West, is defined as an individual's capacity to comprehend concepts of saving and spending. In addition, the Islamic version is distinguished by the notions of Sadaqa, Zakat, Shariah obligations, and Shariah prohibitions against gambling, financial corruption, and uncertainty (Biplob & Abdullah, 2019).

Researchers and studies have utilized a range of definitions and measurements of financial literacy, such as thorough information, the ability or competence to use that knowledge, perceived understanding, good financial behaviour, and even unique financial experiences. Financial literacy and financial education, according to the President's Advisory Council on Financial Literacy (PACFL), are defined as a person's ability to use his or her awareness and abilities to effectively and efficiently manage his or her financial resources for real-life spam for financial welfare (PACFL, 2008). According to Lusardi and Mitchell (2007), financial literacy is "knowing most basic notions and financial terminologies to make better investing and saving decisions." Thus, financial literacy can be described as the ability to comprehend and apply fundamental economic and monetary concepts and the ability to manage financial resources effectively and efficiently throughout one's life. Those with higher financial understanding are more likely to invest in the stock market and pay attention to costs, to borrow at low-interest rates, to save for retirement, and to diversify risk (see, e.g., Lusardi and Mitchell, 2008; van Rooij et al., 2011; Lusardi and de Bassa Scheresberg, 2013; Lusardi and Mitchell, 2014; Lusardi and Tufano, 2015).

The lack of financial awareness and self-confidence of women may put them at a disadvantage in the workplace. Moreover, even people who are likely to benefit from financial literacy, such as widows or single women, have a limited understanding of concepts crucial to making day-to-day financial decisions. According to a study by Koenen (2016), gender inequalities in financial literacy persist regardless of socioeconomic status and cultural and institutional environment.

It is difficult to connect the concepts of financial literacy with the realities of day-to-day life. As a result, people should be able to apply financial planning ideas in their daily lives. The term "financial literacy" is used to describe a wide range of skills, including essential money management, budgeting, investment management, and so on. A person's financial literacy, competence, and attitude are all included in the term. In both developed and developing countries, the rise in the number of women in the workforce necessitates more significant attention to financial literacy among women. However, numerous research on the subject has indicated a gap between various demographic groups, including men and women, young and elderly, rural and urban, and others. The G20 Leaders Declaration in June 2012 emphasized the need to increase the financial literacy of women and girls to boost their financial empowerment, opportunity, and well-being as part of a more significant horizontal OECD effort on gender equality. As defined by the Organization for Economic Co-operation and Development (OECD), financial literacy is "a mix of awareness and information required to make sensible financial decisions and ultimately achieve individual monetary well-being." In order to measure financial literacy, the OECD study uses a series of questions to assess knowledge, behaviour, and attitude. Identifying possible requirements and gaps associated with specific financial literacy components is crucial for assessing respondents' financial literacy and attitudes and their financial habits (Boora et al., 2018).

Bernheim (1995) was among the first to recognize that policymakers and researchers may have ignored the significance of financial literacy in explaining savings and inequalities in saving behaviour. Many studies have since underlined the importance of financial literacy but have relied on crude approximations without specific literacy measures (Vissing-Jorgensen, 2004; Calvet et al., 2007). The downside of employing proxies is that the effect of financial literacy cannot be separated from the influence of the proxy variable. For example, using education as a measure of financial literacy makes it difficult to distinguish the independent effect of financial literacy from the impact

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of education level per se; in many regressions, education also serves as a proxy for a lifetime income.

To better understand the relationship between financial literacy and financial decision-making, academics have increased their efforts in recent years. Using a set of true/false questions, (Hilgert et al., 2003) assessed participants' financial literacy and looked into the relationship between it and their ability to handle their finances. (Lusardi and Mitchell., 2011) pioneered a financial literacy module for the 2004 Health and Retirement Study (HRS). According to their findings, financial literacy and retirement planning go hand in hand. Studies conducted in the last several years have found a positive correlation between stock investment decisions and specific measures of financial literacy and cognitive ability (Christelis et al., 2010; van Rooij et al., 2011); (Yoong., 2011). Studies that examine numeracy measures, a significant component of financial literacy, show a strong correlation with financial outcomes (Banks et al., 2010; Smith et al., 2010).

A growing number of the study show that financial mistakes are common. For example, according to (Agarwal et al., 2009), many people are paying exorbitant fees or interest rates on credit card debt, home equity loans, and mortgages, resulting in financial blunders in the lending market. (Calvet and colleagues., 2007).

In the academic and popular media, the phrases financial literacy, financial literacy, and financial education are frequently used interchangeably. However, few academics have attempted to define or distinguish these concepts. Unlike health literacy, commonly tested using one of three standardized examinations, financial literacy lacks standardized instruments. Marcolin and Abraham (2006) recognized the necessity for a study focusing explicitly on financial literacy measurement. Typically, financial literacy indices are used as inputs to model the need for financial education and explain variation in financial outcomes such as savings, investing, and debt behaviour. Far fewer studies particularly stress financial literacy measurement as an objective.

The Middle East countries' social security programs share numerous similarities. For example, traditional defined benefit (DB) insurance policies are in place in the region, and unlike in Europe and North America, there are no concerns about funding. Moreover, according to Turner and Lichtenstein (2002), high fertility rates mitigate the effects of population ageing. Kuwait and Saudi Arabia, for example, are wealthy countries with large welfare programs. However, there is also a mismatch between benefit promises and the contribution rates and retirement ages in addition to existing structural difficulties (e.g., pensions design, transfer from low-income workers to high or middle-income workers, poor cover rates, and lack of transparency) (Robalino, 2005).

The majority of workers in Gulf Cooperation Council (GCC) countries are expats. Companies are required by law to pay out a lump sum at the end of an employee's contract based on the number of years of service (Jaffer, 2014). The long-term viability of the pension is currently being discussed. These problems influence individuals' attitudes toward retirement. In a recent survey, (Towers Watson, 2013) develops a map showing MENA nations' savings and retirement attitudes.

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According to the findings, the region's saving rates are significantly lower than those in India and China. GCC countries are not much better than the rest of the world regarding saving, with nationals and expats having different attitudes toward saving. Housing is also a significant issue, according to the research.

The Middle Eastern countries' social security policies are remarkably similar. Unlike in Europe and North America, financial issues are rarely discussed in the region's insurance systems. Turner and Lichtenstein (2002) claim that high fertility rates can lessen population ageing's negative impact on society. For example, Kuwait and Saudi Arabia, two of the region's wealthiest countries, offer substantial perks. As a result, there is a mismatch between benefit promises and contribution rates and a mismatch between retirement age and benefit promises. This is in addition to existing structural issues (e.g., pension design, transfer from low-income workers to high or middle-income workers, low cover rates, and transparency) (Robalino, 2005).

Expats make up the majority of the workforce in countries in the Gulf Cooperation Council (GCC). Moreover, expatriate workers are frequently given a one-time bonus based on the number of years they have worked for their company (Jaffer, 2014). Consequently, the pension's long-term viability is now in doubt. These issues sway individuals' views on retirement. With a recent poll, Towers Watson (2013) has created a map of savings and retirement attitudes in the Middle East and North Africa (MENA) region. According to the actual results, savings rates in the region are much lower than in the fast-growing markets of India and China.

METHODOLOGY AND DATA

Introduction

This study's objectives can be met through a systematic approach to data gathering and analysis quantitatively. A quantitative study approach was chosen to anticipate the impact of demographic characteristics on Retirement Planning (age, gender, education level, employment, and income). Therefore, it was thought to be a suitable method for determining the relationship between financial literacy and retirement planning in Saudi Arabia. According to Creswell (2013, p. 4), the quantitative technique entails the process of gathering, analyzing, interpreting, and writing the study's results. He went on to say that quantitative study methods are concerned with numerical data that may be evaluated to help answer study issues. Therefore, quantitative approaches were chosen for this study based on the scale and complexity of the study challenge and the study's aims and objectives.

According to the literature on financial literacy, the relevant sections of the questionnaire were organized to evaluate demographic aspects and measure people's financial literacy, to understand the impact of financial literacy on retirement planning, and to understand the impact of other demographic factors on retirement planning (Behrman et al. 2010; Bucher-Koenen & Lusardi

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2011; Mireku 2015; Yates & Ward 2011). The following parts describe the process of creating the study questionnaire.

Sampling Strategy

Sampling is the process of picking a sample from a specific population as a tiny piece or subset, with the goal of the sample being representative of that group (Bernard & Bernard 2013). Although the goal of this study was to assess financial literacy among Saudi workers, investigate the impact of some demographic factors on retirement planning, and investigate the relationship between financial literacy and retirement planning in Saudi Arabia, the findings can be applied to other MENA countries because they share similar characteristics, particularly in terms of religion and custodianship.

Population

This study's theoretical population consists of Saudi work-age individuals. The word study population refers to members of a group of people characterized as "respondents who supply the reported results, findings, and inferences." Rubin and Babbie (2010, p. 139). The current study was conducted in Saudi Arabia, administered by an absolute monarchy and has no legally recognized political parties. The country's constitution is based on Islamic law. Throughout the country's history, no modern constitution has been written, and no national elections have been held.

Sample Frame

The questionnaire targeted Saudi workers over 18 in the private and public sectors and self-employed individuals and investors. Most previous studies focused on participants of specific age cohorts (Beal & Delpachitra 2003; Chen & Volpe 1998, 2002), which may contribute to self-selection bias and biased results. As a result, this poll comprised respondents of various ages (18 and up), both genders, and various educational credentials and income levels. Non-working Saudis, non-Saudis, students, and workers under the age of 18 were barred. The study's goal was to focus on workers who made their own financial decisions and earned their wages. A total of 1250 copies of the prepared questionnaire were delivered to randomly selected men and women, forming what is known as a "random sample."

Sample Size

To get representative responses for the nation, the survey instrument was addressed to the major geographic regions and the public and private sectors. The survey was sent to a random sample of 1,250 people with the hopes of receiving a usable sample of 600 or more to achieve the required estimated sample size.

Sampling Technique

Sampling techniques are classified as probability or non-probability. As defined and understood by (Sekaran & Bougie 2016), probability sampling is defined and interpreted as finding a single sample unit of people who have an equal chance of being chosen in a random act of selection to participate in the survey. The current study did not employ random sampling since it desired more participants than could be gathered using this costly and time-consuming procedure (Schillewaert et al. 1998). According to the definition of non-probability sampling, it identifies a single sample unit of persons who have no chance of being chosen in a random act of selection to participate in the survey (Sekaran & Bougie 2016).

Data Collection

As previously stated, this study employed a structured and systematic survey procedure based on a questionnaire. The questionnaire was distributed to participants by email, SMS, social media platforms, and personal distribution in Saudi Arabia's major retail malls. The surveys were distributed using a sampling technique known as snowball sampling or chain-referral sampling (Etikan et al. 2016; Naderifar et al. 2017). The questionnaire is distributed by the researcher to participants who are listed in the phone contacts. At the same time, each participant is asked to recruit other participants or forward the questionnaire to them if possible. At the end of the questionnaire, participants were asked to add suggested contact numbers for people who wanted to participate in the survey and re-send the questionnaire to other participants.

A questionnaire was distributed to a purposive sample of around 1,250 potential responders to obtain the required number of completed surveys. At the beginning of the questionnaire, the following statement was included: 'If you are Saudi, a worker, and over the age of 18, you can participate in the questionnaire.'

A low response rate reduces the generalizability of questionnaire results. Because low response rates reduce the final sample size, 'statistical power' to test hypotheses may be insufficient. As a result, the study suggests several strategies to maximize response rates. The survey aims to collect data from 600 respondents to present an accurate image of Saudi people's opinions regarding financial literacy, attitudes toward finance, financial behaviour, and economic influences. To achieve usable responses from the statistically predicted minimal sample size of 741, nearly twice as many questionnaires were sent. As a result, 1,250 questionnaires were distributed in total.

Distribution of Questionnaires

The questionnaires were distributed to the targeted audience via various means, including email, SMS, WhatsApp, Facebook, and LinkedIn. In addition, participants were requested to share the questionnaire with other potential participants at the end of the survey. Therefore, it was reasonable to assume that the questionnaire link had reached many Saudi workers in both public and private

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enterprises of various sizes. Furthermore, the researcher personally visited giant shopping centers in Saudi Arabia's major cities, including Riyadh, Jeddah, and Dammam, to gather extra data using an iPad to expand the number of participants.

Software Used

SPSS v. 26.0 was used for statistical analyses relevant to the impact of financial literacy on retirement planning in Saudi Arabia. SPSS was used extensively in the extraction of statistical results. EndNote X9 also was used to manage references and bibliography of the study.

RESULTS AND DATA ANALYSIS

Introduction

This section summarizes the findings of this survey, which gathered information from 700 Saudi workers over the age of 18 who workings in both the public and private sectors. Even though 1,250 questionnaires were issued, only 700 were entirely completed, accounting for approximately 51% of the disseminated surveys. The study aims to look into financial literacy and how personal financial literacy has influenced people's personal wealth accumulation in Saudi Arabia. Furthermore, the study intends to investigate the impact of demographic determinants on retirement planning. The study provides essential information for the Saudi government to support the kingdom's economic position and individuals who want to improve their financial circumstances. The goal originated from a thorough study of the literature, which indicated a paucity of studieson the impact of financial literacy on wealth growth in Saudi Arabia. Data were obtained from Saudi Arabia's major cities in 2021 via social media and shopping malls and were suitably cleaned before analysis.

SPSS was used to perform statistical analysis on the questionnaire data. The findings are addressed in terms of the questionnaire parts. As discussed in section 3, the questionnaire was divided into five sections based on the definition of financial literacy and to present the questions in an easy-to-follow format, under the headings (1) Demographic Information, (2) Financial literacy, (3) Financial Decisions, (4) Personal Financial Attitude, and (5) Financial Planning and Wealth Accumulation. This section discusses the data preparation procedure, the analytical tools used, and the study issues addressed. It also details the first section of the questionnaire, which was primarily concerned with the demographic characteristics of the study's participants. Thefollowingsection discusses the other sections of the questionnaire to address the study objectives and hypotheses.

Data Preparation

To prepare the data for analysis, raw data from the returned questionnaires were translated into a format that could be easily modified and statistically analyzed to validate the study hypotheses and

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achieve the study objectives. Various coding methods were developed to categorize the raw data from the surveys to be analyzed later. The first step involved the demographic information provided by the questionnaire respondents: gender, age, marital status and the number of children, region, and level of education, sector of work, the field of study, years of work experience, monthly income, and ownership of the dwelling in which they resided. For instance, about gender, '1' denoted males and '0' denoted females. Similarly, for marital status, '1' denoted single, '2' denoted married, '3' denoted divorced, and '4' denoted separated. Likewise, workers in the public sector were coded '1', those in the private sector' 2', and those who were self-employed '3'. Conversely, some demographic factors were in the form of categorical variables. For example, age variables were entered as an ordinal categorical variable for which '1' denoted an age of 18–22 years, '2' 23–29, '3' 30–39, '4' 40–59, and '5' 60 years or older. Similarly, for years spent in the current position or years of work experience overall, '1' denoted None, '2' denoted less than two years, '3' 2–5 years, '4' 5–10 years, and '5' more thanten years. Collecting this information was to facilitate a descriptive analysis of the respondents investigated in this study. The data could be used to compare and contrast performance and attitude with these factors.

Analytical Techniques

SPSS 26.0 was used to analyze the data. The descriptive statistics from the data are presented as frequency distributions in this section. First, a basic overview of respondents' demographic and personal information is offered based on univariate analysis. Next, the overall division of the questions into the questionnaire's five sections is discussed. Next, descriptive statistics such as means, standard deviations, frequencies, and percentages were generated for each variable. The data was then evaluated at the bivariate level using the chi-square test, a statistical technique that determines whether or not the association between two categorical variables is significant. Next, Spearman's correlation tests were employed at the bivariate level to investigate the direction of any significant connections and to test hypotheses. Finally, using several linear regression models to arrive at the final study equation, the impact of all factors that demonstrated to have a significant link with family wealth was examined using multivariate analysis.

Univariate Analysis

Descriptive Statistics

The questionnaire was a multidimensional instrument designed to accomplish three main goals: RO1, to assess the relationship between financial literacy and retirement planning in Saudi Arabia; RO2, to assess the relationship between financial literacy and retirement planning in Saudi Arabia; and RO3, to investigate the impact of selected demographic factors on retirement planning in the kingdom. Respondents were given 40 questions to answer. Respondents have many options from

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which to choose for each. Questions 1–11 on the questionnaire collected demographic information from respondents; questions 12–22 were about respondents' financial literacy; questions 23–27 were about respondents' ability to make appropriate financial decisions; questions 28–34 were about respondents' attitudes toward some financial issues; and questions 35–40 were about the impalement. The analysis of these replies aided in answering the study questions on the relationship between financial literacy and retirement planning by measuring financial literacy and examining the impact of the specified demographic characteristics on retirement planning.

Financial literacy

This section of the questionnaire sought information related to respondents'financial literacy that will be useful to measure their financial literacy level and included 11 questions.

A large proportion (45.5%) of respondents chose the correct answer to **question 12**, which questioned the concept of net wealth: 'The difference between assets and liabilities.' Almost a quarter (23.6%) said it was "the disparity between income and expenditures," while (18.6%) said "none of the above." A small percentage of respondents (9.4%) said it was 'the difference between cash inflows and outflows,' while only (2.8%) said it was 'the difference between borrowings and savings.'

In response to **question 13**, which asked respondents to select the best approach to plan for retirement, Around half of the respondents (50.6%) said they would 'Invest in real estate,' while (26.2%) said they would 'Start to build up your bank savings account gradually,' and (14.8%) said they would 'Put monthly savings in a diversified growth mutual fund,' in response to question 13. 'Accumulate money in a safe-box rented in a local bank or at home' was chosen by a modest percentage (3.9 %), followed by 'Invest in the stock market' (2.7%), and finally, 'Invest in certificates of deposit' (1.8%).

Question 14 inquired about the riskiest investment options. Most respondents (64.8%) answered, "Stock in a single firm," which is the proper response to your question. Most people said "A mutual fund with 100% stocks" carried the highest investment risk, while (9.7%) said "A mutual fund with 81% bonds and 20% stocks" carried the same level of risk.

Question 15 asked respondents how they would suggest a newlywed couple use a monetary gift if they had just welcomed a kid. Individuals' attitudes on spending and saving were elicited through the use of a survey question. (54.4%) of people said they would tell the couple to "Deposit in a savings account," (23.2%) said "Invest in stocks and mutual funds," (11.3%) said "Spend the gift money on the baby's needs" (7.8) said "Deposit in a current account," and only (3.2%) said they would tell the couple to "Keep it as cash at home.

A whopping (48.3%) of those polled said that money in a savings account' would be the least useful if they needed to use it for an unplanned expense, in response to **question 16** regarding the best

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savings vehicle. Although this response deems it the lowest risk, it also has a low return on investment, making it simple to access and withdraw the money. 'A house' was selected by another (29.6%) of those polled, although this is the least advantageous option because they cannot access immediate cash to cover unplanned expenses. (11.3%) chose 'A current account,' which they see as a favourable option because they can access the money whenever they want, but there are no prophets associated with this choice. Finally, 'Stocks' was selected by (10.8%) of the respondents, indicating a high level of risk.

Respondents were asked to estimate how much money they would have saved under various scenarios for **question 17**. Some (84.9%) stated that they had "more than 102 SAR," while (8.2%) said they had "exactly 102 SAR," and (6.9%) said they had "less than 102 SAR" in their answers. Thus, the correct answer is 102 SAR for the majority of responders, while the incorrect answers were selected by roughly (15.1%).

Regarding **question 18**, relating to responsibility for charges on a lost or stolen credit card, (69.9%) responded that the cardholder was legally responsible for 'Any unauthorized charges until the loss or theft is reported, the correct answer for the question. However, the rest of the participants have selected the incorrect answers as follows: (23.2%) selected 'No unauthorized charges'; (5.1%) chose 'Any unauthorized charges'; (0.9%) chose 'Only the first 500 SAR of any unauthorized charges', and (0.8%) of the respondents indicated that the cardholder was legally responsible for 'Only the first 50 SAR of any unauthorized charges'.

When asked in **question 19** about their primary motive for saving/investment, A whopping (42.1%) of those surveyed said they saved/invested to "increase my living standards in the future." In comparison (32.1%) said it was "to be independent and make choices," while (8.5%) said it was "for retirement," while (6.1%) stated that they saved/invested to "leave something for children to inherit," and (5.0 %) said it was to "support the future educational needs of my children."

In response to **question 20**, which inquired about the purchasing power of savings after one year given specific inflation and interest rates, (66.5%) said it was "less than what you can buy today," which is the correct answer. (17.1%) said it was 'just the same as what you can buy now,' while (16.3%) said it was more than what you can buy now.'

Furthermore, for **question 21**, which asked which group of people would face the most financial difficulties during periods of high inflation, (65.5%) chose 'Older persons living solely on fixed retirement income,' which is the accurate answer. However, while having a fixed income, the elderly do not have the potential to generate more revenue to deal with inflation. (24%) chose 'Young working couples with children,' which is the incorrect answer because they have more time to work harder and earn more money. (7.3%) said it would be 'Older working couples investing for retirement; this is not the worst-case scenario because they still have time to adjust their financial retirement methods.' Finally, (3.2%) selected 'Young couples with no children who both work,'

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implying they may have a longer life to change their financial planning and saving tactics.

Finally, for **question 22**, the eleventh item in this section, when asked,'Assume your salary is 3,000 SAR per month. You have to pay 1000 SAR for rent and 300 SAR for food each month. You also spend 200 SAR per month on transportation. If you budget 250 SAR each month for clothing, 200 SAR for dining out and 250 SAR for everything else, how long will it take for you to save 1,600 SAR?'(18.4%) of participants have selected, '2 months; which is the correct answer. 81.6 of participants have selected the incorrect answers as follows: most (62.8%) of respondents said it would take '4 months', which is an incorrect answer. (13.2%), '1 month'; and (5.7%) said it would take '3 months'.

Financial Decisions

This section of the survey contained information related to respondents' ability to make appropriate financial decisions. It contained five questions (questions 23–27).

Question 23 When asked, 'What is your ability to manage your finances?' Only (45.9%) responded 'Somewhat sure. Approximately (38.5%) chose ' Not at all certain, and (15.7%) said they were 'Very sure—I understand money management very well.' This finding suggests that many participants are unsure how to manage their financial spending and plan for their daily expenses.

For question 24, respondents were asked—How interested are you in increasing your financial literacy? About (42.0%) of the respondents chose 'Somewhat interested'; (40.1%) chose 'Very interested'; about (9.2%) chose 'Somewhat uninterested'; 5.5% of respondents chose 'Not sure' and about (3.2%) of the respondents said that they were 'Very uninterested'. This finding indicates that (82.1%) of participants are interested in increasing their financial literacy to improve their financial practices.

In response to **question 25**, 'Who is responsible for daily decisions about money in your home?, (45.7%) replied 'You and another family member,' (37.0%) said 'You and your partner,' (6.5%) said 'Your partner,' (5.7%) said 'You and all family members,' (2.8%) said 'Another family member,' and (2.3%) said 'Do not know.' This conclusion indicates that most respondents agreed that financial decisions are made in consultation with family members.

For **question 26**, 'Which of the following statements describes your monthly financial position?', 'We have no trouble buying necessary durable goods,' said (36.8 %); 'We have enough money to cover our necessary expenses, but the purchase of necessary durable goods is problematic,' said (27.8 %); 'Sometimes we face financial difficulties to cover our necessary monthly expenses,' said (24.7 %); and 'we can afford to buy everything we need,' said (10.7 %). Thus, the majority of respondents can cover their monthly expenses without any financial concerns. This finding is reinforced by prior findings in this study, which show that the average monthly income is more than 10,000 SAR.

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Finally, in **question 27**, respondents were asked to read a series of statements, as shown in Table 1.1. In response, around (43.4%) selected 'I think credit cards are safe and risk-free'; (42.0%) said that 'It is important to read rental contracts and loan agreements before I sign them'; (9.2%) chose 'I feel happy when I purchase what I want, and (5.5%) of respondents chose 'I think putting money each month for savings or investments is essential.

Personal Financial Attitude

This section contained general information related to respondents' financial attitudes towards some financial situations.

In response to **question 28**, which asked respondents to classify themselves on a scale of savings orientation, only (39.7%) said they were 'Somewhat economical, saving money whenever I can'; about (20.1%) said they were 'Somewhat spending oriented, seldom saving money; (18.5 %) said they were 'Neither economical nor spending oriented'; (11.3%) said they were 'Very spending oriented, hardly ever saving money; and (10.4%) said they were 'Neither economical nor spending oriented.

Concerning**question 29**, 'What kind of assets do you own?', Where respondents could select multiple options, approximately (42.1%) said they had 'Mutual funds,' (32.1%) said they had 'Precious metals,' (8.5%) said they had 'Cash in a current account,' (6.1%) said they owned 'Real estate,' (5.0%) said they had 'Other investments,' (3.8%) had 'Cash in a saving account,' and (1.2%) said they had 'Stocks.'

For **question 30**, which asked about respondents' debt, 30.5% said they owed 'More than 500,000 SAR'; 22.7% of respondents revealed that they had' 50,000–100,000 SAR' of debt; 13.6% owed '1–10,000 SAR'; 13.0% owed 'None'; 10.7% indicated that they owed' 10,001–50,000 SAR', and around 9.6% of respondents indicated that they had '100,001–500,000 SAR' worth of debt.

Question 31, When asked how many credit cards they owned,(43.7%) of respondents answered 'One'; (30.2%) said 'I do not have any; (16.3%) said 'Two', and (9.7%) of the respondents revealed that they had 'More than two.

In response to **question 32**, 'What is the combined total balance owed on your credit cards?', (18.8 %) indicated '0–1,000 SAR,' (16.1) said '5,001–20,000 SAR,' (13.4%) said '1,001–5,000 SAR,' (8.8 %) responded 'Don't know,' (7.8%) assessed their credit card debt as '20,001–50,000 SAR,' and (5.0 %) said '50,000 SAR or higher'.

For **question 33**, 'How do you usually pay your monthly credit card bills?' around (40.4%) of the respondents said, 'I pay credit card bills in full'; (16.5%) revealed that they would Pay the minimum; (11.6%) revealed 'I do not use them at all, and (1.3%) said 'My parents pay my credit card bills.

Finally, for **question 34**, 'Do you record your income and expenditures?' most (69.1%)

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respondents said, 'No, but I know in general how much money is received and spent during a month'; (17.9%) of the respondents said, 'No, I do not know in general how much money is received and spent during a month'; and (13.0%) replied 'Yes, I do'.

Financial Planning and Wealth Accumulation

This section of the questionnaire sought general information related to the impact of a respondent's family background and their net wealth. It included six questions.

About**question 35**'From whom have you learned about managing your income?' (14.5%) said they learned about money management from their parents; (10.6%) said they learned it from the internet; (8.5%) said books influenced them; (10.6%) said they learned it from friends; (7.4%) said it was from the media, and (33.5%) said they learned it from experience. However, (9.7%) indicated they had learned nothing about managing their money.

When asked in **question 36** to compare themselves with their parents in terms of propensity to save, (54.7%) of respondents indicated that they were 'about as likely to save/spend'; (27.8%) revealed that they were 'Much more likely to spend; and (17.5%) revealed they were 'Much more likely to save'.

For **question 37**, asking about financial literacy they had gained at home while growing up, Around (41.0%) said they had learned about 'Saving,' (20.5%) about 'Budgeting,' (16.3%) about 'Investing,' (13.0%) said 'Debit cards,' (11.5%) said 'Keeping financial records,' (9.9%) said 'Loans,' (5.1%) said 'Automobile insurance,' (4.6%) said 'Credit cards,' (2.6%) said 'Interest rates,' and a large portion (22.6%) said they had learned about none of these financial factors.

For **question 38**, 'What are your total assets worth (the total of real state, stocks, valuables, bank deposits, and cash)?', around (28.5%) of the respondents chose '<5,000 SAR'; (19.4%) said '100,001–500,000 SAR'; 16.7% indicated '5,001–50,000 SAR'; 14.8% chose '500,001–3,000,000 SAR'; (12.3%) of the respondents said '50,001-100,000 SAR', and (8.2%) of the respondents selected '>3,000,001 SAR'.

For **question 39**, where they were asked to select the most dominant asset in their wealth, a high proportion (49.1%) of respondents revealed that it was 'Cash (including bank deposits)'; (33.5%) of the respondents said 'Real estate'; (9.0%) of the respondents chose 'Stocks and mutual funds, and (8.4%) said 'Valuables (Jewels and precious metals, etc.)'.

Finally, in response to the last question in the questionnaire, **question 40**, 'Have you ever planned for retirement?', the vast majority (66.1%) answered in the affirmative.

Section Summary

The study was designed to investigate the impact of financial literacy and selected demographic

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variables on retirement planning or net wealth in Saudi Arabia, a significanteconomic player in the MENA region, to provide some basic information on how financial literacy is related to retirement planning. According to the findings, more persons in Saudi Arabia had a high degree of financial literacy than had a poor level of financial literacy. The previous study, such as the Lusardi and Mitchelli (2007) study in the United States, discovered that a large part of the population, regardless of age, is financially illiterate and that financial illiteracy is pervasive, which can have a significant impact on financial decisions. The current study also discovered a strong association between financial literacy and retirement planning at the bivariate level of analysis, which is consistent with an earlier study (Behrman et al. 2012; Drexler et al. 2014; Jessen, 2011).

DISSUCAION

Introduction

Human connections and activities have improved as a result of recent technological advancements. They have also improved their financial understanding, which is essential for people's financial behavior and ability to produce wealth (Agarwal et al., 2015; Lusardi 2008b; Lusardi & Mitchell 2007). In light of the preceding assumption, this study looked into the level of financial literacy among Saudi workers and the extent to which financial literacy and retirement planning are linked. The impact of specific demographic characteristics on retirement planning accumulation was also investigated in the study. The study looked at how certain demographic factors (gender, age, level of education, job experience, marital status, number of children, level of education, work sector, and monthly income) are linked to personal family wealth.

Measuring the Level of Financial Literacy

The study's primary goal was to find out how financially literate Saudi Arabians are. The results revealed that the answer to this question could be found in section 3 in three critical financial questions. First, a surprising number of respondents (about 41%) showed a high degree of financial literacy. In comparison, another 261 people (about 35% of the sample) had an average level of financial literacy, according to the study's findings. As a result, only 23% of those polled had what would be considered low financial literacy. This finding differs from those of similar studiesconducted in other nations. For example, according to several surveys, people of all ages in the United States have low financial literacy (Atkinson 2012; Chen &Volpe 1998; Lusardi & Mitchell 2007). Second, significant variables that compelled people to increase their financial knowledge to address recent changes in their financial status were thought to explain the high degree of financial literacy found among Saudi Arabian employees in this study; for instance, the Saudi government was compelled to develop a new economic strategy called Saudi Vision 2030 to diversify the country's economy and income streams in mid-2015 when international oil prices

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collapsed, and the Saudi economy was severely damaged (Elachola & Memish 2016; Raimi et al. 2018).

The Impact of Financial Literacy on Retirement planning

The study's second purpose was to address the question, "What effect does financial literacy have on retirement planning?" The purpose of this study was to gain a better understanding of the relationship between financial literacy and personal family wealth. The answer to the study question related to this goal is crucial for evaluating the potential impact of financial literacy on retirement planning, highlighting the importance of financial literacy for people in the short and long term. It is also a beneficial tool for policymakers seeking to improve a country's economic standing at the governmental, organizational, and personal levels. This objective was tied to the hypothesis, which was stated as follows:

There is a statistically significant relationship between financial literacy and retirement planning in Saudi Arabia.

There were 45.5% of those polled who had low retirement planning (less than $50,000 in SAR), 31.7% had ordinary wealth, and 23.3% were wealthy. This implies that many Saudis can only afford basic, long-lasting necessities and will have difficulty affording more expensive stuff. Researchers concluded that Saudi Arabia has one of the world's most inequitably distributed wealth distribution systems, similar to a study by Chesters (2016) that found the same thing. According to Chesters, China has seen the most significant increase in wealth inequality, followed by Russia and the United States. Furthermore, even though wealth disparity is still significant in France, Germany, Japan, Mexico, and Saudi Arabia, it has started to decline marginally since 2013. Understanding the socioeconomic elements that influence personal retirement planning is critical in this situation since it has a significant impact on people's well-being, their ability to pursue their goals, and their sense of security (Ali et al., 2014; Worthington 2016). Thus, personal retirement planning has ramifications for individuals and society as a whole (Worthington 2016). The current study did not quantify the wealth distribution among participants, but it was judged necessary to gauge how financial literacy affects retirement planning. According to the data, financial literacy is associated with more incredible wealth in Saudi Arabian households.

The Impact of Demographic Factors and Retirement planning.

'Are there any significant differences in the effect of demographic characteristics (age, gender, education level, work experience, marital status, number of children, private or public, and income level) on retirement planning?' was the study's final study question. As a result, the study's final goal was to investigate disparities in the impact of demographic variables on retirement planning.

There is a significant impact of demographic variables (age, gender, level of education, work

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experience, marital status, number of children, private or public, and income level) on retirement planning.

These factors were tested for their relationship with retirement planning. All variables except the sector had a significant relationship with the HWI at the 5% significance level based on chi-square tests. Cross-tabulation analysis with Spearman's correlation coefficients was used to understand the direction of these relationships. To that end, the central hypothesis is divided into eight sub-hypotheses, as presented in detail in the following subsections.

The Impact of Age on Retirement planning

The first demographic variable tested was the impact of age on retirement planning based on the following sub-hypothesis:

There is a significant relationship between age and retirement planning.

Based on bivariate analysis, it was determined that age and retirement planning had a strong positive association. As it turns out, this outcome is only somewhat in line with previous findings. When people enter the workforce, their earnings tend to be low, but they rise throughout their lives until they peak 45–54; they begin to fall as they get older. Furthermore, people in their youth and old age spend more money than they earn, whereas they save more money in middle age (Lee et al., 2000). The life cycle hypothesis states that people accumulate assets during their working years, but when they retire, they tend to spend their overall assets and stop saving (Ando & Modigliani 1963; Modigliani 1966).

For all age groups studied previously, this study's findings are comparable, except that retirement planning in this study increased beyond the age of 40–59, compared to earlier studies. Most earlier studies were conducted in industrialized Western nations, where individualism is a prominent part of the culture, explaining this discrepancy (Sinkovics et al., 2015). On the other hand, Eastern and MENA countries, such as Saudi Arabia, have a collectivist culture (Triandis 1996).

The Impact of Gender on Retirement planning

The second demographic variable tested was gender based on the following sub-hypothesis:

There is a significant difference in retirement planning between males and females.

Among respondents with high retirement planning, there was a higher percentage of males (27.2%) than females (13.5%). However, the percentages of males and females with an average level of retirement planning were similar (30.2% and 32.4%, respectively), while 56.3% of females and 40.5% of males had low retirement planning. Thus, overall, male workers had more retirement planning than female workers.

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As in Saudi Arabia, family duties and motherhood are the biggest roadblocks to women's financial empowerment. In the kingdom, there are, however, other considerations that help to improve this condition. So let us start with the fact that men are the primary financial contributors in Saudi Arabia and other Islamic countries (Al Alhareth et al., 2015). Males in Saudi families often make more money than females, by Islamic religious and cultural customs. Females are financially dependent on their male guardians (usually their father, husband, or older brother) (Almosaed 2008).

The Impact of the Level of Education on Retirement planning

The third demographic variable tested was level of education, based on the following sub-hypothesis:

There is a significant relationship between the level of education and retirement planning.

Thus, the results revealed a negative relationship between the level of education and retirement planning among Saudi workers. Although only 14.3% of respondents in the high retirement planning category had less than a high school level of education, the percentage of respondents with a high school certificate or equivalent was slightly lower (13.5%). The percentage with a diploma or equivalent (23.1%) was higher than for a bachelor's degree (19.6%).

Most people with postgraduate education, for example, are academics working in the public sector with ordinary incomes; nonetheless, they copy the upper-income class because they believe it reflects their high level of education. However, as demonstrated in this study, this financial behaviour is likely to impact their retirement planning negatively. Furthermore, some education levels are deemed over-qualified for workplace needs; hence, the lower education group may have better prospects to gain better positions with higher compensation.

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